

Message Text

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62

ACTION ARA-20

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 SS-20 NSC-07 STR-08 L-03

PA-04 USIA-15 PRS-01 DRC-01 /156 W

----- 024272

R 071913Z MAR 73

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 7703

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E.O. 11652: N/A

TAGS: EFIN, CI

SUBJ: CHILEAN EXCHANGE RATE POLICY

REF: SANTIAGO 848

1. RELIABLE CENTRAL BANK SOURCE TOLD EMBOFF MARCH 6 THAT PRESENT CENTRAL BANK POLICY IS TO LEAVE BROKERS' RATE (THIS PRINCIPALLY COVERS DIPLOMATIC MISSIONS AND OUTGOING CHILEAN TOURISTS) AT PRESENT RATE OF E750 PER DOLLAR WHILE DEVALUING BANKERS' RATE (USED FOR TRADE TRANSACTIONS) FROM PRESENT E450 LEVEL. RATES WOULD BE UNIFIED AT E750 AND THEN MOVE ACCORDING TO INTERNAL PRICE MOVEMENTS AND CENTRAL BANK EXCHANGE RESERVE POSITION. WHEN EMBOFF MENTIONED TO SOURCE THAT SOME EXPERTS (FYI - IBRD MISSION CURRENTLY VISITING CHILE) BELIEVE BANKERS' RATE IS CURRENTLY OVERVALUED AND SUSTAINABLE ONLY BECAUSE OF HIGH COPPER PRICES, SOURCE REPLIED THAT THIS MIGHT BE THE CASE BUT IT DIDN'T REALLY MATTER. DURING 1974, HE SAID, CHILE'S EXPORTS AND IMPORTS ARE LARGELY PRICED INELASTIC AND THAT BY END OF YEAR FREQUENT SMALL DEVALUATIONS WILL HAVE CORRECTED ANY DISEQUILIBRIUM IN MARKET.

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2. COMMENT: WE BELIEVE CENTRAL BANK ANALYSIS PROBABLY IS CORRECT.
POPPER

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<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
Current Classification: UNCLASSIFIED
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Copy: SINGLE
Draft Date: 07 MAR 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: elyme
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Executive Order: N/A
Errors: n/a
Film Number: n/a
From: SANTIAGO
Handling Restrictions: n/a
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ISecure: 1
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Office: n/a
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Previous Handling Restrictions: n/a
Reference: SANTIAGO 848
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Review Comment: n/a
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Review Markings:

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EO Systematic Review
30 JUN 2005

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